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FLOOR DEBATE

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brought a bill every year since then, and may continue in the future. LB 944 changes a release from escrow provisions for tobacco manufacturers who did not participate in the national tobacco Master Settlement Agreement. I'm going to refer that in the future to MSA. The state model escrow statute Section 69-2703 requires nonparticipating manufacturers, NPMs, to either, one, become a participating manufacturer or, two, place a specified amount into a qualified escrow account based on a number of units--that's cigarettes--sold by such manufacturer in the state. Section 69-2703 currently requires funds to be released from escrow and refunded back to the NPM to the extent that the amount placed in the escrow by the NPM in a particular year is greater than the state's allocable share of total payments of that such manufacturer would have been required to make in the year under the Master Settlement Agreement, if the NPM had not been a participating manufacturer before any adjustments are offset, described in the agreement, other than the inflation adjustment. LB 944 deletes all references to "allocable share" in the statute, and provides that the funds are released from escrow to revert back to the NPM to the extent that the amount was required to place in escrow, based on a number of units it sold in a particular year, if it is greater than the MSA payments and the NPM would have been required to make, based on units sold, after final determination and all adjustments have been made under the MSA. The original purpose of the model escrow statute and its release from escrow provisions was to ensure that the financial obligations under the NPMs which are under the MSA were not more onerous than those placed on participating manufacturers, which could cause a potential constitutional equal protection challenge. As currently implemented, however, the statute has permitted NPMs to obtain refunds of a large percentage of their escrow deposits. The bill was...is intended to avoid such unintended and inequitable refunds to NPMs under the current allocable share release provision. The bill provides for severability and contains an emergency clause. The language in this bill was drafted cooperatively by numerous states and has been endorsed by the National Association of Attorneys General. The bill would help stabilize the amount of MSA payments to Nebraska, which have been decreasing annually due to the volume adjustment, and it would then maintain escrow deposits made by